

## Housing (Wales) Bill

### Submission by the Council of Mortgage Lenders to the Communities, Equality and Local Government Committee Inquiry into the general principles of the Bill

#### Introduction

1. The CML is the representative trade body for the first charge residential mortgage lending industry, which includes banks, building societies and specialist lenders. Our 115 members currently hold around 95% of the assets of the UK mortgage market. In addition to lending for home ownership, CML members also lend to support the social housing and private rental markets.
2. We welcome the opportunity to contribute to the Communities, Equality and Local Government Committee's inquiry into the general principles of the Housing (Wales) Bill.
3. The CML responded to the earlier consultation on the Homes for Wales White Paper. This response highlights those elements of the Bill which impact our members who lend in the buy-to-let sector as well as those who lend commercially to the housing association sector.

#### General principles of the Bill and the need for legislation

4. **Private rented sector:** On proposals for a compulsory registration and licensing scheme for all PRS landlords and letting and managing agents, it should be kept in mind that registration and licensing are different activities. Government should also be clear about why this is being done, and how income from registration or licensing would be used. To do either effectively, the local councils will have to be sufficiently resourced. If the purpose is genuinely to improve standards, professionalise landlords in Wales and put further pressure on rogue or criminal landlords, then any intervention should be more closely targeted than what is currently envisaged.
5. **Reform of homelessness law:** We are supportive of the Bill proposals in principle provided national and local governments in Wales work together with private landlords to ensure the PRS is sufficiently resourced and prepared to house those for whom the local authority discharges their homelessness duty in the PRS.
6. **Local authority rents and service charges:** Any changes to the billing of service charges will need to be consistent and work with both the government's Renting Homes proposals and the implementation of the new social rents policy. Under Renting Homes, if taken forward, new contracts would be required across local authority and housing association sectors (as well as the PRS); under the new social rents policy, changes to contracts will be required to implement the new service charging arrangements. It will be important to coordinate these contract changes so that they are dealt with at the same time, rather than burdening landlords and inconveniencing tenants by having to issue multiple new/ revised contracts.
7. **Co-operative housing:** We remain of the view that this is a niche market, and that significant effort and resources should not be directed away from established models and approaches which are capable of delivering the volume and quality of new affordable housing which is needed in Wales. In addition to the challenges of raising development finance for cooperative housing, there could also be challenges around the mortgageability of the stock once it is built and ready for sale. Standardised approaches and documentation to support residential mortgage lending in a cooperative will need to be developed in agreement with the CML and lenders. Lenders are unable to support a myriad of small-scale schemes with different underlying legal structures or requirements.

#### Potential barriers to implementation

8. Recent work from the Minister's Housing Supply Task Force and the Committee's earlier inquiry into barriers to home building in Wales should inform consideration of the deliverability of the Bill proposals.

## **Unintended consequences**

9. We remain concerned that the proposed changes to the regulation and licensing of the PRS could segment the buy-to-let market and discourage investment in the sector in Wales. Different provisions for Wales via the Housing (Wales) Bill as well as the Renting Homes Bill proposals could suppress lending and discourage landlords, who might regard the regime in Wales as less favourable to their businesses. This could have the unintended consequence of driving away investment rather than encouraging greater supply and quality.

## **Contact**

10. Please contact [john.marr@cml.org.uk](mailto:john.marr@cml.org.uk) if you would like to discuss this submission further.

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